

Tips for Defending Rate Increases

Yikes!!! This may be one of the most uncomfortable tasks for a utility manager. It's important to understand, however, that many of the arguments against a rate increase are based on misperceptions, a lack of information, or false information. Here are some suggested responses to common arguments against rate increases.

The “We can't afford it!” Argument

Reason: Everyone is old and on a fixed income.

Response: This profile probably fits most rural areas and small Villages in Ohio and all surrounding states. Everyone else is in the same boat.

Reason: Gas and everything else is going up – we need a break!

Response: Gas and everything else is also going up for the utility – do you personally complain to every other utility or service that raises prices?

Reason: The economy in this area is tough right now.

Response: When hasn't the economy been tight over the last two decades? At what point in the future do you think it will drastically change for this region? The longer we hold off on important maintenance and funding our reserves, the worse shape we will be in the future.

The “You don't need it!” Argument

Reason: You can find ways to work with less!

Response: We have been working with less for several years – we have not been investing in our replacement/sinking fund like we should have all along, and the longer we wait to fund necessary repairs the more expensive it will be when the time comes.

Reason: You already have a million dollar plant, what more do you need?

Response: It takes money to operate that plant, and it is one of the largest investments our community has ever made. Would you rather have this plant that we invested so much money into deteriorate to the point that we lose our investment. It would be like buying a new car and then never performing the necessary service to properly maintain it.

Reason: You don't need to pay the employees so much, they make more than I do!

Response: The operators are professionals. They had to go through a lot of training to get certified. They are responsible for one of the community's biggest investments, and they are responsible for the public health and safety of our water. Also, the job continues to get more complicated each year with new regulations. In the coming years it is projected that there will be a nationwide shortage of qualified operators. We want to keep our operator as well as other staff – because the loss of institutional memory and knowledge of the system would be great if they left.

Other Common Arguments

Reason: You just raised our taxes! Where are my tax dollars going?

Response: In most cases – tax dollars are not used to fund a utility. Local water and sewer utilities are supposed to be self-sustaining with the income from user charges, and should not be funded with taxes.

Reason: The people in the next town pay half as much as we do!

Response: Their system is a lot different than ours. They may have a larger customer base, so more people to spread around the burden of fixed costs. They may have significantly different treatment requirements (groundwater vs. surface water, body of water they are discharging to, etc). They also may not be fully funding the system they way they should, and a significant rate hike is in their future.